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Fitch drops Rhode Island rating from 'AA' to 'AA-'

NEW YORK - The State of Rhode Island's rating on \$1 billion of general obligation debt was reduced one step to "AA-" from "AA" by Fitch Ratings, Bloomberg News reported last week. Fitch said the state's economy is among the weakest in the U.S., with monthly job losses since August 2007.

The state collected \$25 million less than expected in taxes in the first three months of the fiscal year, which began July 1, after ending last year with a \$34 million deficit, Fitch said in a press release. The rating company also down-

graded an additional \$500 million in state-backed appropriation debt to "A+" from "AA-," according to Laura Porter, a Fitch analyst in New York.

At least 21 states and the District of Columbia face a combined \$8.9 billion budget shortfall as income and sales taxes decline amid rising unemployment, the Center on Budget and Policy Priorities said in an Oct. 10 report.

Rhode Island is attempting to balance its budget this year through "substantial" personnel and Medicaid savings, Fitch said. The rating company said a projected \$67 million in Medicaid savings are unlikely to be realized because the state needs a waiver from the federal government "that does not appear to be forthcoming in the near term."